

Message Text

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51

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 AF-06 IO-10

PA-01 PRS-01 USIA-06 /115 W

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R 191030Z FEB 75

FM AMCONSUL CASABLAANCA

TO SECSTATE WASHDC 3311

INFO AMEMBASSY LONDON

AMEMBASSY RABAT

CONFIDENTIAL CASABLANCA 0120

E.O. 11652: GDS

TAGS: EINV, ENRG, EIND, MO

SUBJECT: MOROCCANIZATION OF OIL MARKETING -- ESSO CASE

REF: STATE 032828

1. SKANE (ESSO MAROC) AND ROOT (ESSO AFRICA, LONDON) HAVE TENTATIVE APPOINTMENT WITH DOUEIB, FOR FEB.25. PER DECISIONS AT LONDON MEETING LAST WEEK THEY WILL INSIST THAT ANY DEAL EITHER PERMIT IMMEDIATE REPATRIATION OF PROCEEDS OR, IF FUNDS BLOCKED, ESSO RECEIVE EFFECTIVELY COMMERCIAL RATE OF INTEREST, WHETHER DIRECTLY OR BY SOME SUCH DEVICE AS CITED REFTEL (THROUGH INTEREST RATE FOR LATTER WOULD BE SUBSTANTIALLY BELOW 11 PERCENT).

2. RE MANAGEMENT ISSUE, SOME CONFUSION APPEARS IN JESSUP REMARKS REFTEL. NO ISSUE ARISES OF EXCLUDING MOROCCAN GEN. MANAGER FROM VOTING. ESSO WANTS FULL VOTING EQUALITY IN BOARD AS 50 PERCENT PARTNER, AND WANTS ESSO NOMINEE AS DIRECTOR GENERAL; ACCEPTS SNPP RIGHT TO CHOICE OF PRESIDENT.

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SNPP WANTS PRESIDENT TO HAVE PREPONDERANT VOTE EXCEPT ON SPECIFIED ISSUES, MOSTLY FINANCIAL. IF FULL PARITY OF VOTE

AND EFFECTIVE OPERATIONAL MANAGEMENT NOT OBTAINABLE, ESSO
NOW PREPARED TO ACCEPT 50 PERCENT PORTFOLIO HOLDING,
WITHDRAW TRADE MARK AND PERSONNEL, AND YIELD MANAGEMENT AND
PREPONDERANT VOTE TO SNPP.

3. ESSO STILL PREPARING FOR LEGAL STEPS TO CHALLENGE
REQUISITION AND OBTAIN TRADEMARK WITHDRAWAL, CONTINGENT ON
RESULTS NEXT WEEKS NEGOTIATIONS. ULTIMATE ISSUE WOULD
PRESUMABLY BE WHETHER GOM OFFER OF PAYMENT IN FUNDS BLOCKED
5-7 YEARS AT SUBSTANTIALLY BELOW COMMERCIAL INTEREST
CONSTITUTES ADEQUATE COMPENSATION BUT THAT ISSUE IS WELL
DOWN THE ROAD, WITH PROTRACTED INTERVENING LEGAL PROCESS.
BRUBECK

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, PETROLEUM INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CASABL00120
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750059-0187
From: CASABLANCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750233/aaaabddl.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 032828
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUN 2003 by BoyleJA>; APPROVED <12 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOROCCANIZATION OF OIL MARKETING -- ESSO CASE
TAGS: EINV, ENRG, EIND, MO, ESSO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006